



Financial Guarantees For Grading

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A DDES Customer Information Bulletin



King County Department of Development and Environmental Services
900 Oakesdale Avenue Southwest Renton, Washington 98055-1219

<http://www.metrokc.gov/ddes/>

Frequently Asked Questions

King County DDES has created customer information bulletins to inform the general public about the effect of codes and regulations on their projects. These bulletins are not intended to be complete statements of all laws and rules and should not be used as substitutes for them. If conflicts and questions arise, current codes and regulations are final authority. Because the codes and regulations may be revised or amended at any time, consult King County staff to be sure you understand all requirements before beginning work. It is the applicant's responsibility to ensure that the project meets all requirements of applicable codes and regulations.

What is a financial guarantee?

A financial guarantee (FG) is a form of financial security posted by the applicant for a project to ensure timely and proper completion of improvements and compliance with the King County Code (K.C.C.). It serves as a mechanism to warranty materials, workmanship of improvements, and design performance of structures and/or improvements. FGs include assignments of funds, cash deposits, surety bonds, or other forms of financial security acceptable to the Director of the Department of Development and Environmental Services (DDES).

What authorization does King County have to require financial guarantees?

King County Ordinance 12020 (K.C.C. Title 27A), adopted November 16, 1995, establishes the authority and procedures for accepting and enforcing FGs, with the intent of ensuring that development projects are completed and maintained in accordance with County approval conditions.

How are the values for these financial guarantees determined?

The amounts of the FGs are based on the schedules appropriate to the required work. Values on the Bond Quantity Worksheet (BQW) are based on the R. S. Means construction costs data, adjusted for the Northwest Region, which are updated on a periodic and frequent basis to ensure that the amount fully captures work element costs. All FGs shall also include a contingency in an amount determined by the Director. The applicant or consultant will be provided with the appropriate BQW for the work that is required. The BQW will be completed by the applicant's consulting engineer or landscape architect, as applicable, AND verified by DDES against the approved plan.

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Who may post the financial guarantee for grading?

Only the applicant/owner of the property may post a financial guarantee. If you sell the project, it is the responsibility of the applicant/owner of the parcel to make arrangements for the new owner to replace the existing FGs. Until the FGs are replaced, the original owner remains responsible for completing the work.

What types of financial guarantees are needed for grading?

Restoration and Reclamation: A Restoration and Reclamation FG is required in an amount sufficient to cover the cost of conforming with the conditions of the permit, including corrective work necessary to provide drainage consistent with approved plans and conditions, to remove geologic hazards, and to protect water quality and the public health, safety, and welfare. This FG may be reduced proportionately for phased projects as work is completed and as subsequent reclamation and/or restoration on each phase is finished. The request for reduction shall be in writing. The amount of the guarantee is based on the area of clearing and for reclamation.

Operation: A cash operating FG is required so that the County may correct deficiencies affecting public health, safety, and welfare, including effects on water quality, if the work is not completed by the applicant in accordance with permit conditions. The amount of the cash guarantee shall be determined by the Director and shall be maintained at the full value established by the Director at all times during the life of the permit. The amount of this FG is based on the volume of materials extracted from the site.

A **Sensitive Areas** FG is required for mitigation in sensitive areas pursuant to King County Code (K.C.C.) chapter 21A.24 in an amount sufficient to guarantee that all required mitigation measures are completed within the timeframe established by King County. A performance and maintenance guarantee shall also be required for restoration of a sensitive area or buffer not performed as part of a mitigation or maintenance plan, except that no FG shall be required for minor stream restoration carried out before the building permit is issued. The obligation to install, maintain, and monitor the mitigation measures set forth in the mitigation plan shall run with the land. Within 30 days following the execution of the Sensitive Areas Restoration Agreement, the applicant must provide proof that he/she has recorded a copy of the Agreement and its associated mitigation plan with King County Department of Records and Elections. The recording shall be in addition to the Sensitive Areas: Notice on Title provisions required by K.C.C. 21A.24.170. Upon satisfaction of the terms of the Sensitive Areas Restoration Agreement, the applicant may request that the County file a notice of satisfaction with the King County Department of Records and Elections.

When must I post the financial guarantees?

Any FG required as a Clearing and Grading Permit condition must be posted before issuance of the permit and before performing the work. At the discretion of the Land Use Services Division Manager, however, an FG may be waived on projects less than 1,000 cubic yards, King County Department projects, and reclamation projects with FGs posted with the State of Washington Department of Natural Resources or with the Federal Office of Surface Mining.

Why must I post cash? Where is the authorization?

King County Ordinance 12020 (K.C.C. Title 27A) requires that the Grading Operation FG be posted in cash. An assignment of funds through a bank on approved King County forms is also acceptable.

Frequently Asked Questions

What is the process for release of my financial guarantee?

Upon completion of the work specified in the terms of the FG, a grading inspector will inspect the site and approve the work performed. The Financial Guarantees Management Unit (FGMU) will be notified that all conditions have been met, and the FG will be released or, as mentioned under the restoration and reclamation FG, a reduction may be authorized. FGMU will then prepare a release letter that will be sent to both the applicant and the surety company or bank.

A cash release takes approximately two weeks to process once FGMU receives the release authorization. FGMU asks the King County Office of Finance to cut and mail the check to the applicant.

What happens if I fail to comply with any of the conditions and terms of the permits and/or approvals covered by the financial guarantee?

The Director or his/her designee will notify the applicant and guarantor of the default, in writing. Determination of default shall be made after an inspection by DDES indicates that permit conditions/requirements must be corrected or completed. If satisfactory assurance is not received by DDES within a time period determined by the Director, the FG forfeiture process will be initiated. This process involves DDES filing a claim against the FG, whereby the surety company has the option of either tendering the amount of the FG to DDES or arranging for completion of the conditions/requirements of the permit.

The guarantor will be held responsible, up to the limits of the FG, for payment of any and all costs and expenses that have been or will be incurred or expended by King County in completing any and all required work. If total costs associated with the required work exceed the amount of the guarantee, the applicant shall remain responsible to King County for the payment of any remaining amount.

If the FG has been posted as an assignment of funds, the bank must surrender the funds within 10 days of notice from DDES that the requirements of the FG Agreement have not been fulfilled. If the FG has been posted as cash, DDES will notify the guarantor that the funds must be transferred into the Bond Forfeiture Account.

Other bulletins and telephone numbers that may be helpful

Bulletin 1	Building and Development Permit Telephone Numbers
Bulletin 9	Obtaining a Residential Building Permit
Bulletin 26	The SEPA Process
Bulletin 27	Residential Energy Codes
Bulletin 28	Clearing and Grading Permits
Bulletin 40	Financial Guarantees

206-296-6600 DDES Information
206-296-7110 DDES Financial Guarantees Management Unit (FGMU)



King County complies with the Americans with Disabilities Act (ADA). If you require an accommodation to attend a meeting (two weeks notice) or require this information in Braille, audiocassette, or large print, please call 206-296-6693 or TDD 206-296-7217.